

JUNE 2017

MassMutual



MassMutual Middle America Financial Security Study

Background and Methodology

Study Objectives

- To raise awareness of the threats and obstacles to middle class workers' financial security and highlights the workplace and retail products that may help this segment achieve their financial goals and prepare financially for the long-term.

Survey of Middle Income Americans

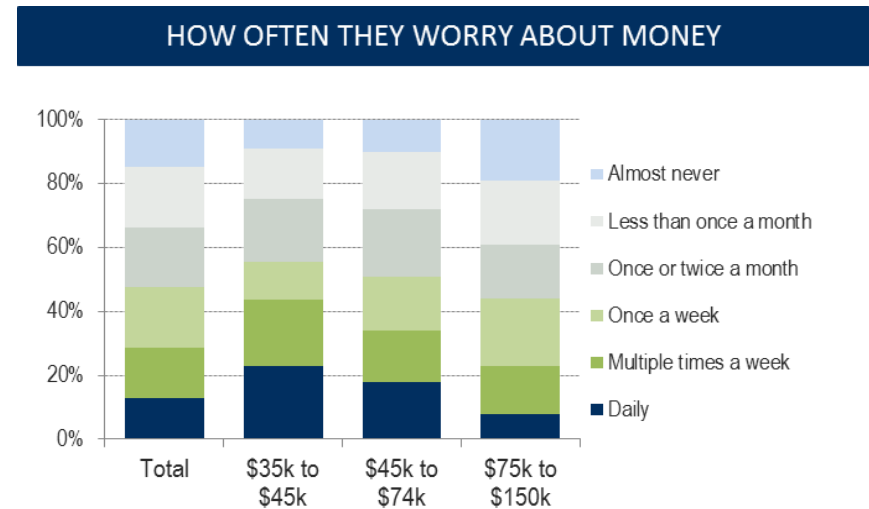
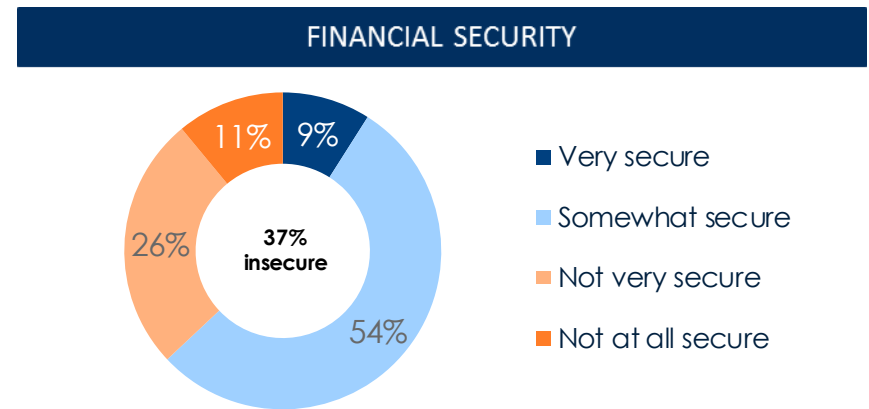
- An independent online survey of Middle Income Americans through Research Now's panel was conducted by Greenwald & Associates on behalf of MassMutual. Research Now is an online research firm. The survey was conducted from February 28 to March 14, 2017.
- To qualify, respondents needed to be between the ages of 25 and 65, work full-time, have a household income between \$35k and \$150k, and have considerable influence when it comes to making financial and employee benefit decisions.
- Of the 1,010 workers who participated in the survey, 150 currently make between \$35k and \$44k, 503 make between \$45k and \$74k, and 357 make between \$75k and \$150k. The margin of sampling error at the 95% confidence level is plus or minus 3.1%.
- The data is weighted by race, age, and gender to reflect the composition of the United States' middle class.
- Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories.
- Founded in 1985, Greenwald & Associates is a full-service market research firm with expertise in financial services, employee benefits and healthcare.

Income	\$35k to \$44k	\$45k to \$74k	\$75k to \$150k	Total
n=	150	503	357	1,010

Key Findings

The State of the Middle Class

- Many middle class workers today find themselves to be less-than financially secure. A majority describe themselves as just somewhat financially secure (54%), and over a third feel not very or not at all secure (37%). Many say their financial security has remained the same over the past year (36%), though more – nearly half (48%) – report an improved level of security. That sense of security erodes for those in the lower-middle class (household income of \$35k to \$45k): only 4 in 10 of this group feel at least somewhat financially secure.
- Straddling the line between security and insecurity leads many to regularly worry about finances. Half of all middle class workers worry about these things at least once a week and 3 in 10 worry about money multiple times a week or even daily.
 - Those in the lower-middle class understandably face greater financial pressure: a quarter say the worry about money daily.



Key Findings

A Myriad of Worries

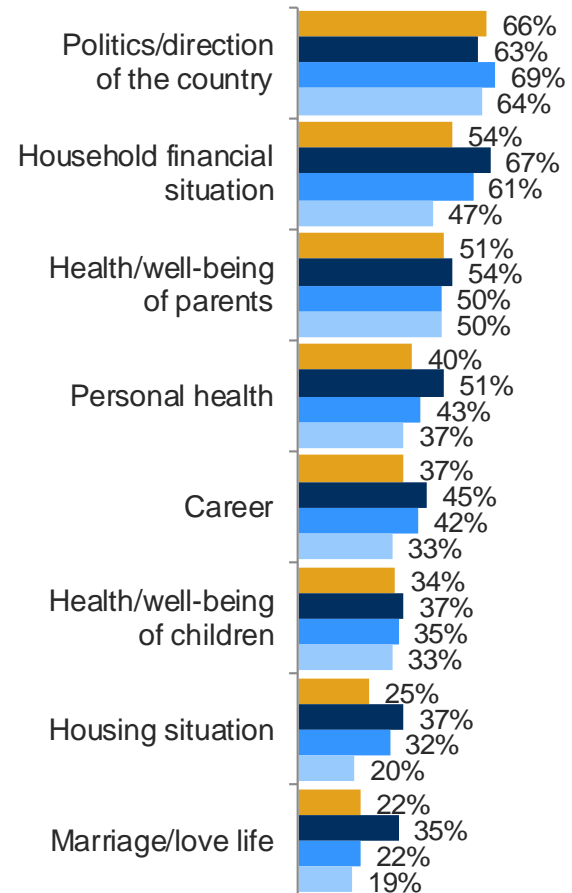
- The middle class is torn in many directions. They worry about the direction of the country, their own financial situation, the wellbeing of loved ones, and their careers.
- Money is a greater worry than health, career, or marriage. In fact, for the middle class, money is the top stressor. Two-thirds are “afraid” of a financial emergency or major expense (65%), on par with being afraid of an illness (67%).
- Sizable shares (32% or more) also describe themselves as at least somewhat afraid of a downturn in the stock market, a terrorist attack, a natural disaster or a burglary.

Impact of Financial Stress

- Nearly 6 in 10 of those who frequently worry about money say it has had a negative impact on their mental health
- In fact, for a third of these workers, financial worries have literally kept them up at night and half have experienced anxiety about finances in the last year.
- Financial stress can also impact the middle class at work: 4 in 10 say they worry about money while at work at least weekly (half of the lower-middle class say the same)

ISSUES WORKERS WORRY ABOUT

■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k

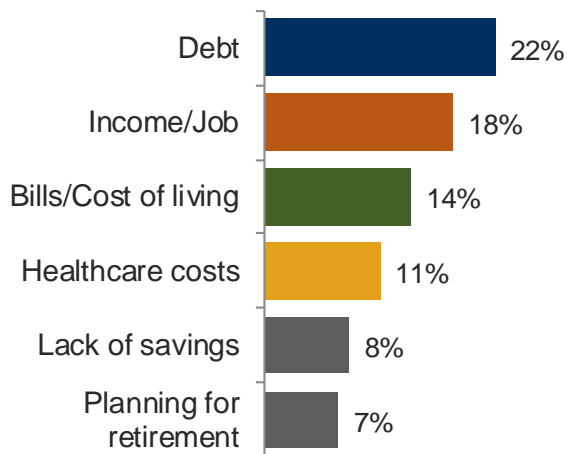


Key Findings

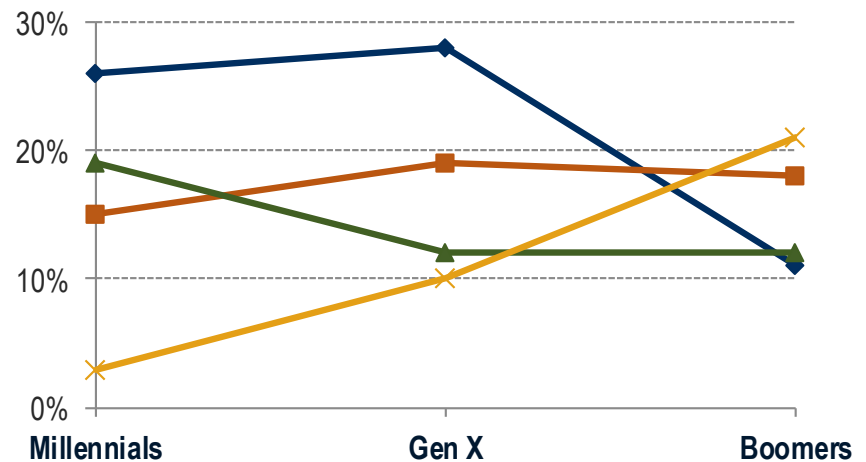
Impact of Debt and Healthcare Costs Across Generations

- Debt is the biggest issue the middle class is facing, but its impact is felt most by Millennials and Gen Xers. As middle class workers age, healthcare costs become the primary issue.
 - Those in the \$45,000 to \$75,000 income range are especially likely to say the biggest problem facing their household is the cost of living and bills.
- A quarter of middle class Americans find it difficult to manage their household's finances, but this rises to 31% among those in the \$45,000 to \$75,000 income range and to 46% among lower-middle class.
- High levels of debt is the main reason workers find it challenging to manage their finances (86%), along with not having enough money each month (85%). More than half, however, say they have difficulty because they lack the financial knowledge to properly manage their finances (55%). See data on page 12.

TOP FINANCIAL PROBLEMS

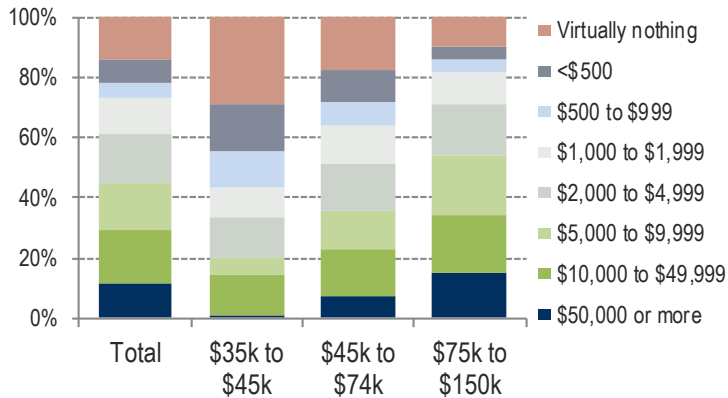


PROBLEMS BY GENERATION



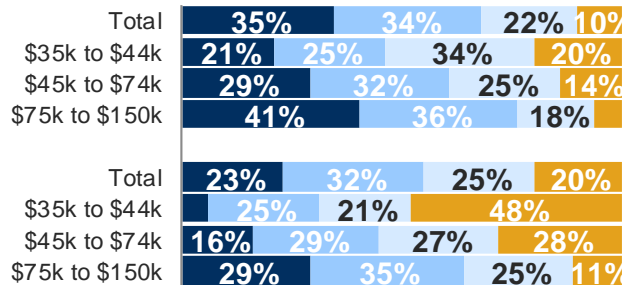
Key Findings

CURRENT EMERGENCY SAVINGS



DEGREE OF CHALLENGE OF EMERGENCIES

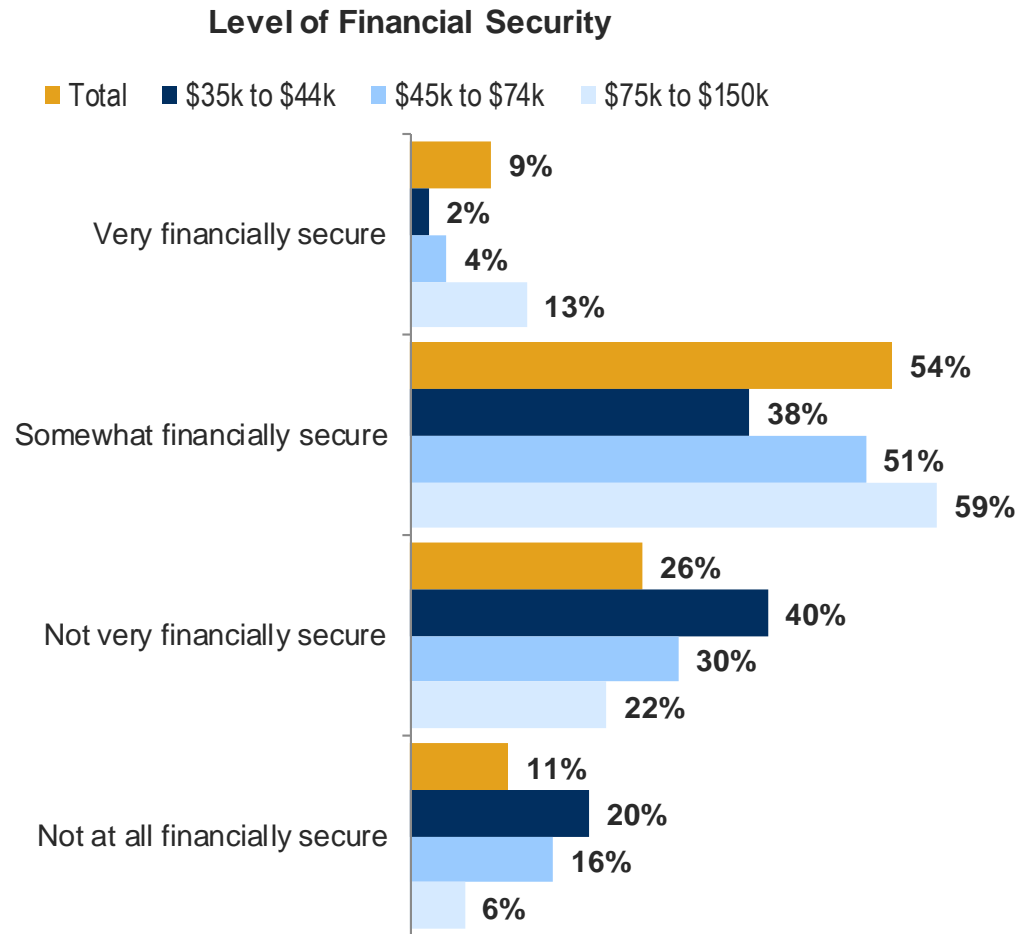
- Would get by without much issue
- There would be some financial discomfort
- Significant discomfort and real cutback
- We would not be able to get by



Lack of Emergency Preparedness

- There's a reason so many fear a financial emergency. Just over a quarter of middle class workers have an emergency fund of \$10k or more. In fact, among the lower-middle class, 28% say they have virtually no savings that they could use in an emergency.
 - Only half of middle class workers have the cash to cover even a \$500 unexpected expense; only 1 in 5 could cover a \$5,000 expense. See data on page 24.
- Nearly half of these workers have faced a small financial emergency (\$500) and a quarter have faced an emergency of \$5,000.
 - Borrowing from family and friends and using credit cards are the most common ways workers deal with financial emergencies.
 - Of those who have faced a \$5,000 unexpected expense, two-thirds of lower-middle class workers borrow money and half use credit.
 - See data on pages 25 and 26.

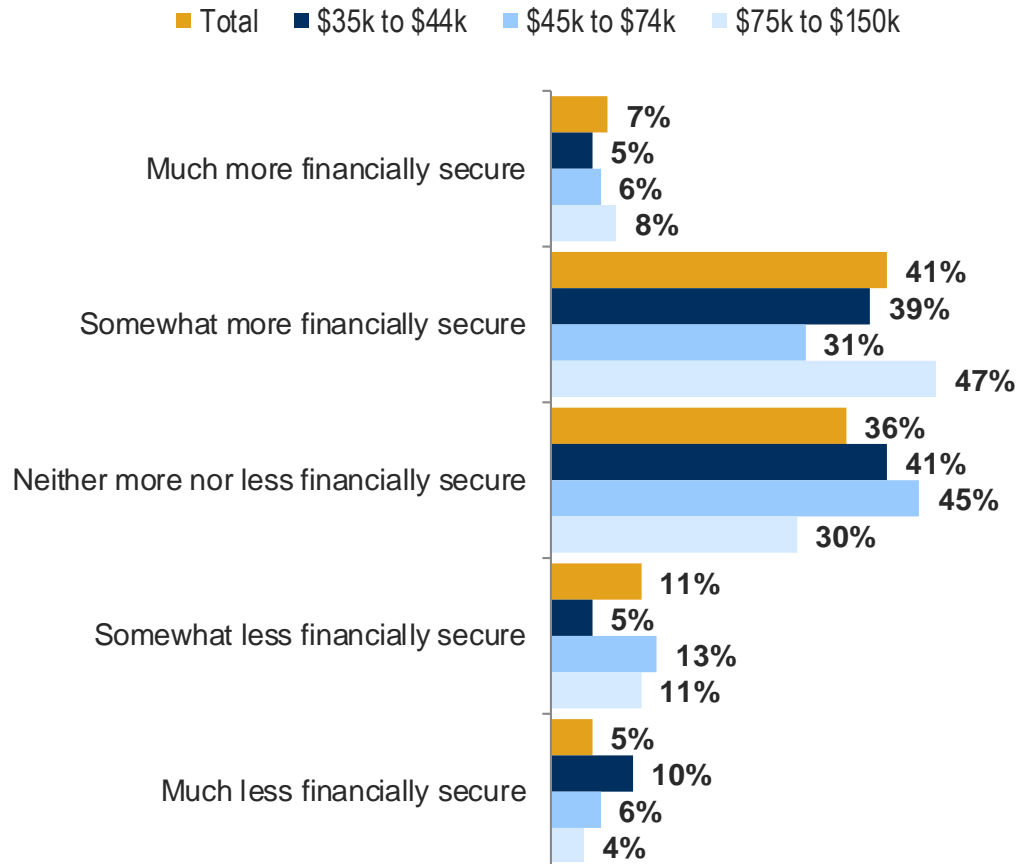
Six in ten middle class workers feel at least somewhat financially secure, but this sense of security is much weaker among the lower-middle class



How financially secure do you feel? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Eight in ten workers report a stable or improved level of financial security over the past 12 months

Level of Financial Security Compared to 12 Months Ago



Compared with 12 months ago, would you say you feel...? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Parallel to their financial security, most workers also report that their household finances have been stable or improving

Household's Financial Situation Over Past 12 Months

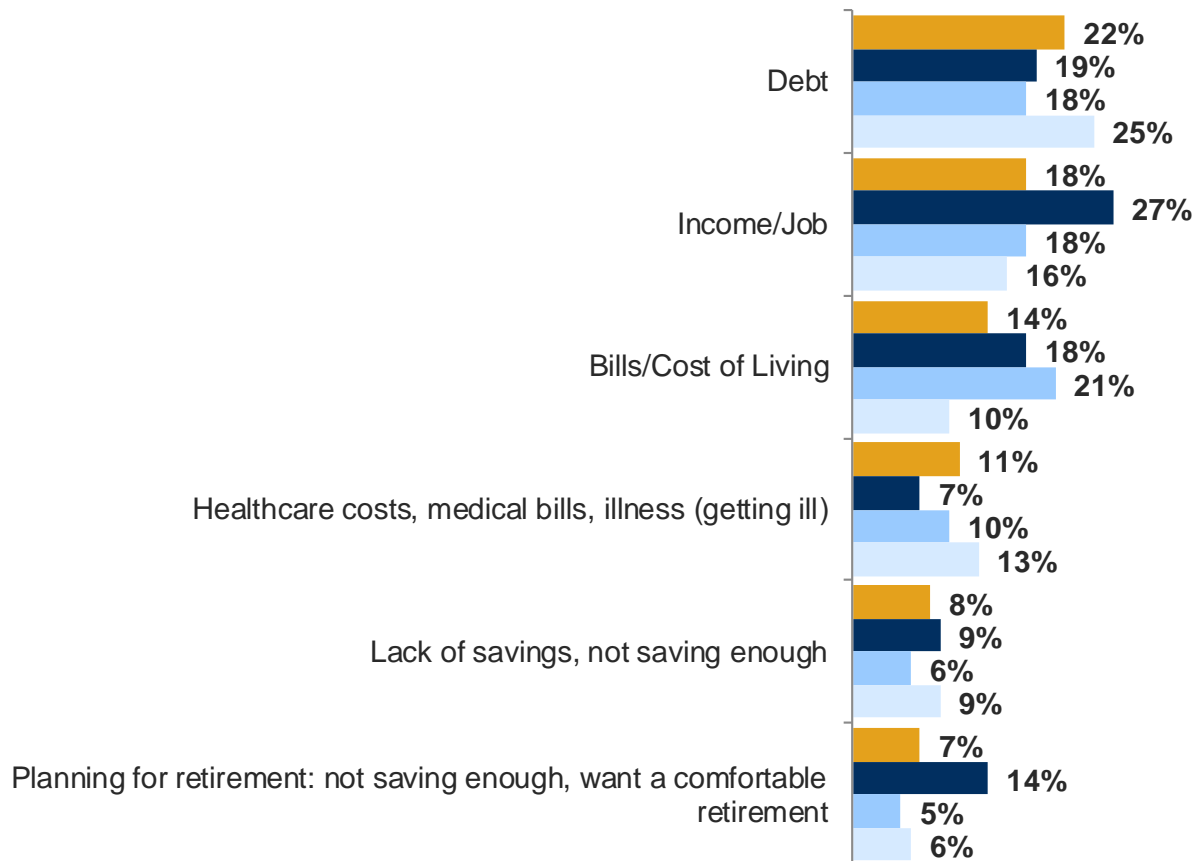


Over the past 12 months, has your household's financial situation gotten...? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Debt is generally the biggest financial issue that middle class families face, especially among younger workers

Top Issues or Problems Facing Household's Finances and Financial Situation

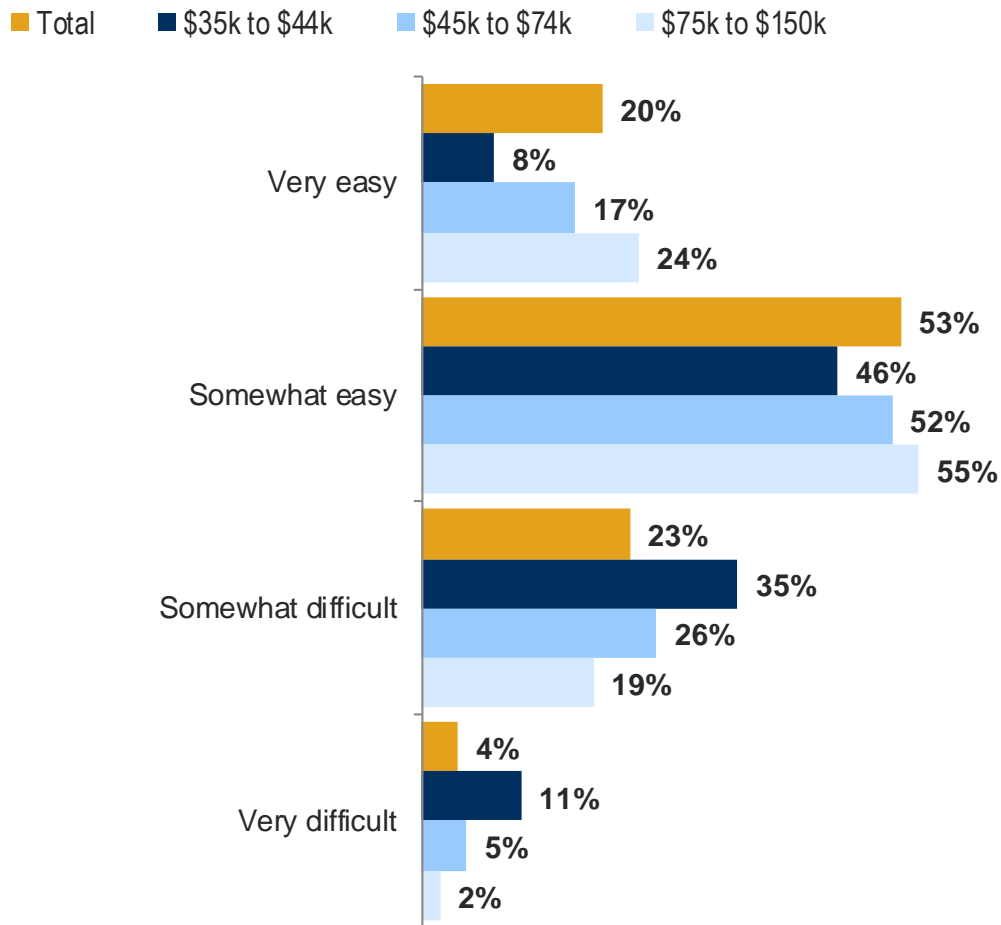
■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



What is the biggest issue or problem facing your household's finances and financial situation today? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Most find it relatively easy to manage their monthly finances, though only half of the lower-middle class agree

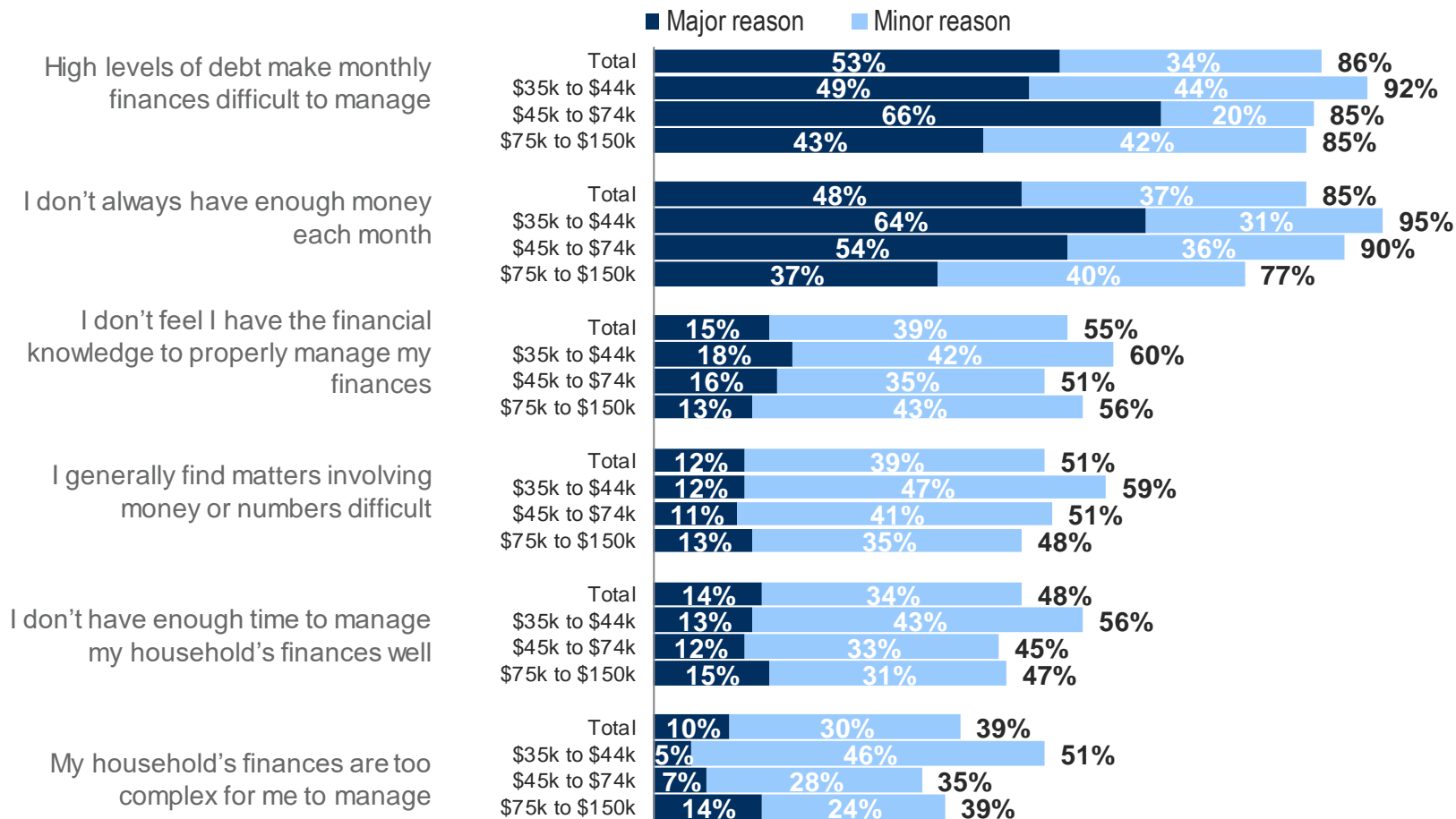
Level of Difficulty Managing Household's Monthly Finances



Do you find it easy or difficult to manage your household's monthly finances? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

High levels of debt and not having enough money each month are the top reasons managing finances is challenging

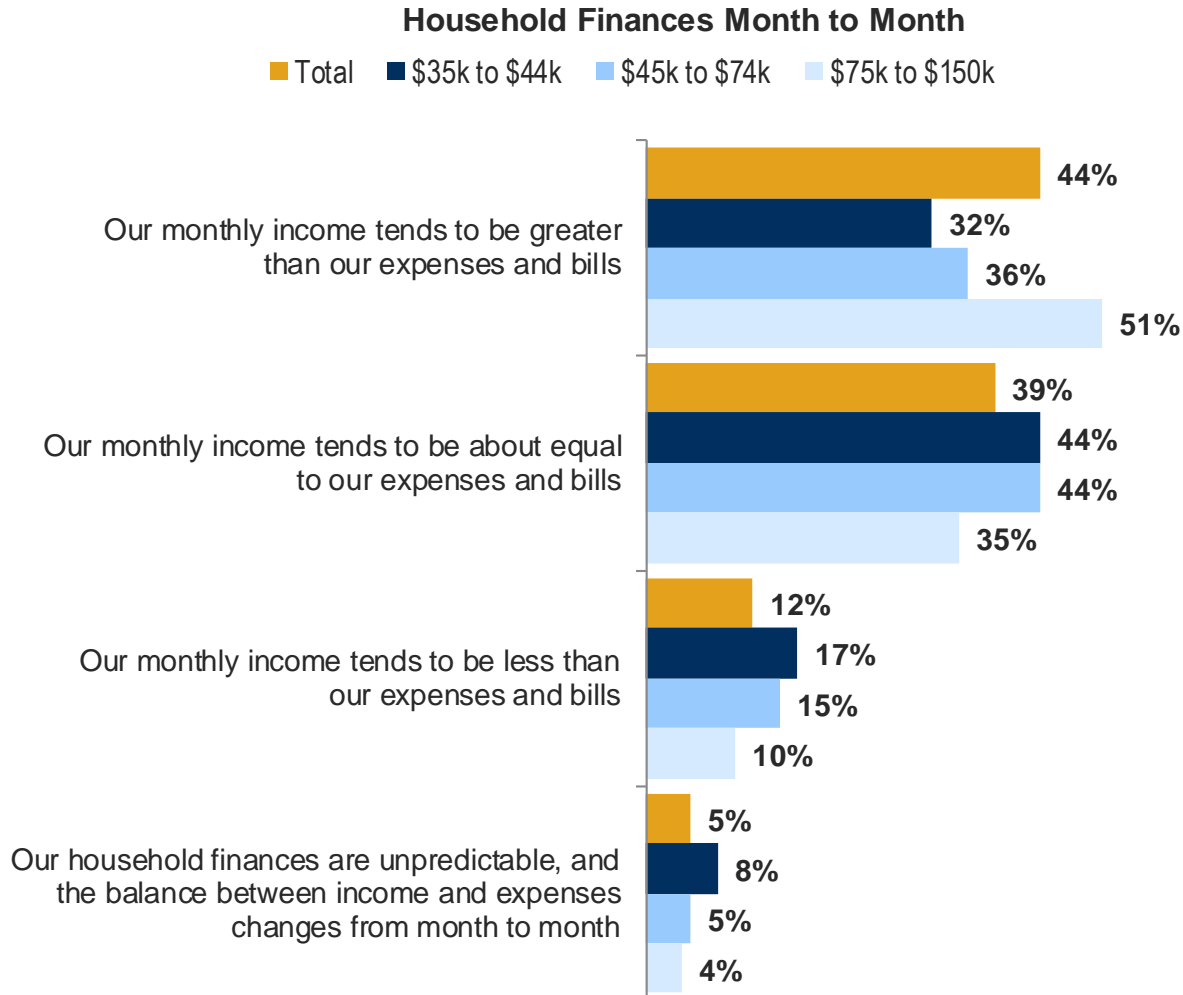
Reasons Managing Finances is Challenging



Are these major, minor, or not reasons why you find managing your finances challenging? Filter: If managing monthly finances is difficult (Total n=275; \$35k to \$44k n=63; \$45k to \$74k n=144; \$75k to \$150k n=68)



For most middle class households, monthly income tends to be about equal or greater than expenses and bills

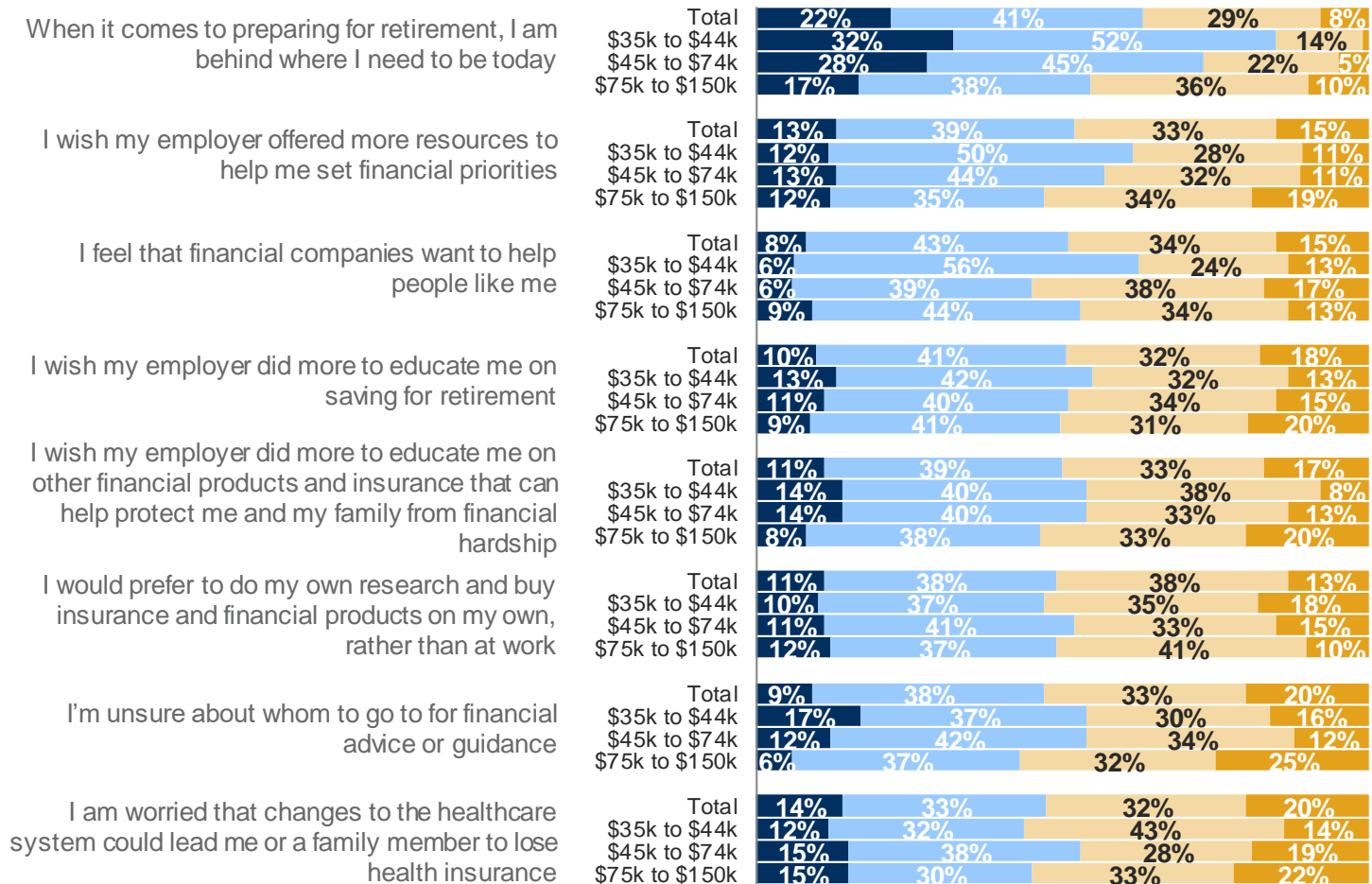


Which of the following best describes your household from month to month? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Regardless of income level, more than half agree that they are behind when it comes to preparing for retirement

Agree/Disagree

■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree



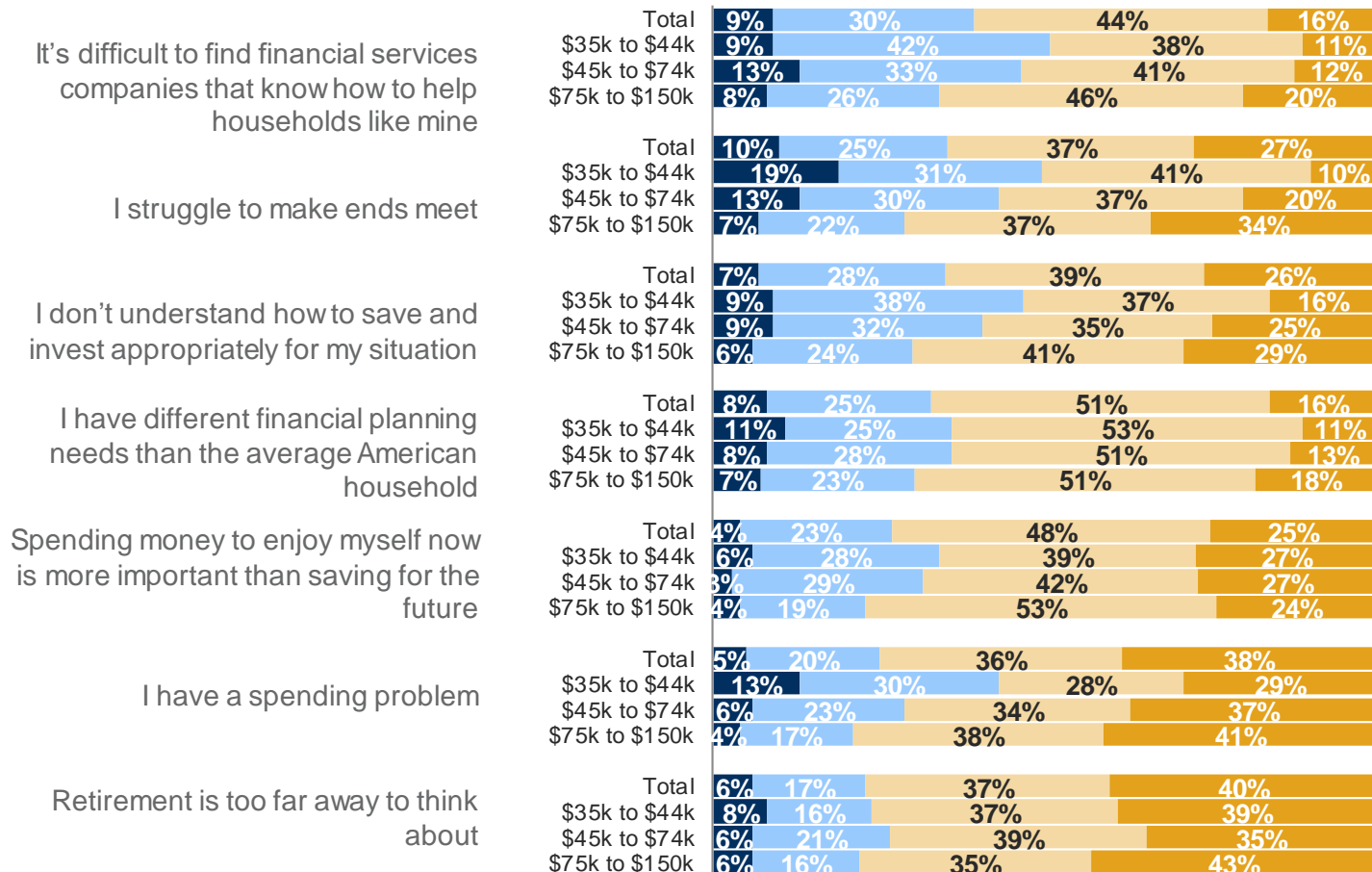
To what extent do you agree or disagree with the following statements? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)



While they may be behind on retirement saving, few workers say retirement is too far away to think about

Agree/Disagree

■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree

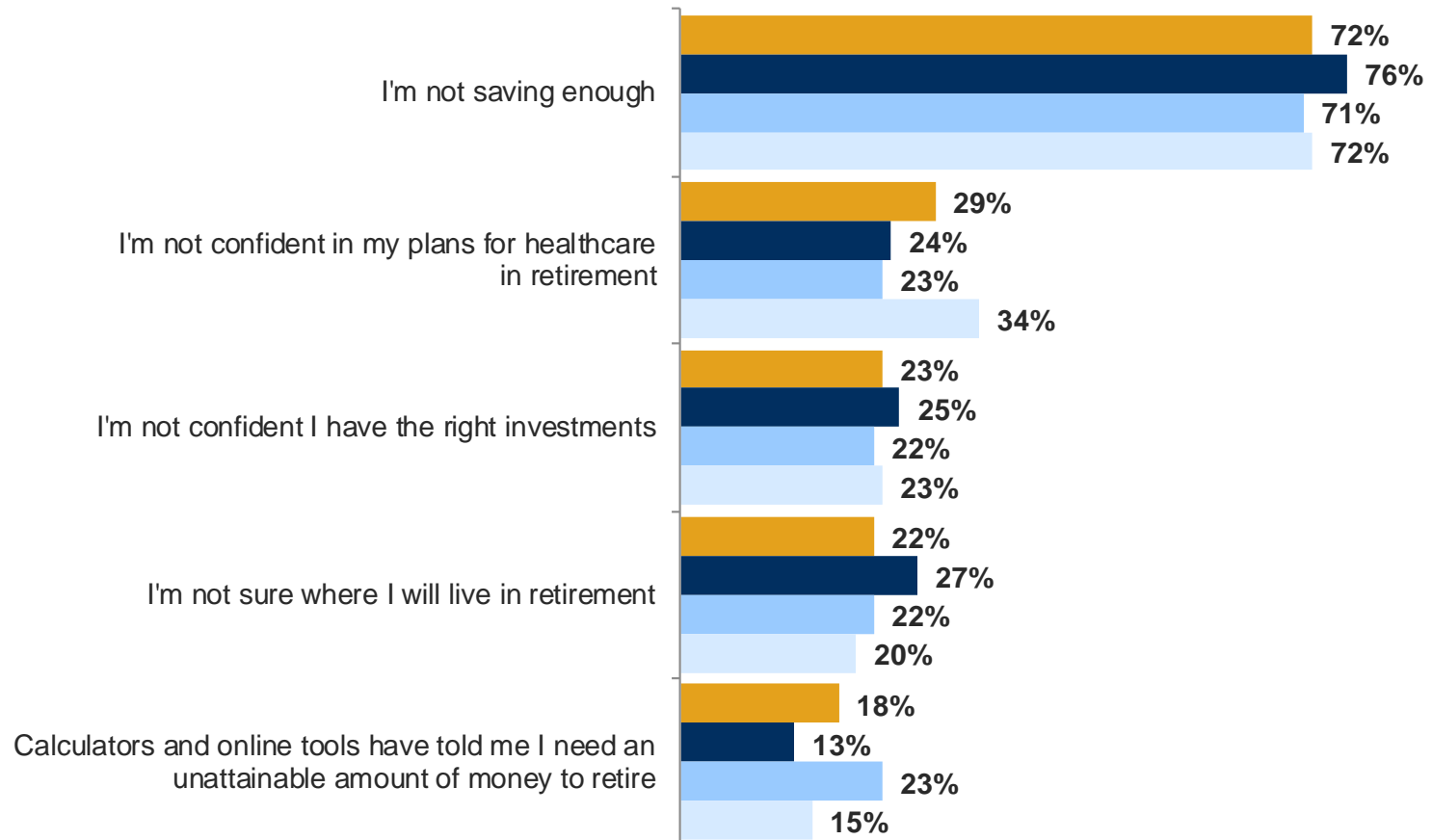


To what extent do you agree or disagree with the following statements? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

More than seven in ten, regardless of income, simply feel they are behind because they are not saving enough

Top Reasons to Feel Behind in Preparations for Retirement

■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



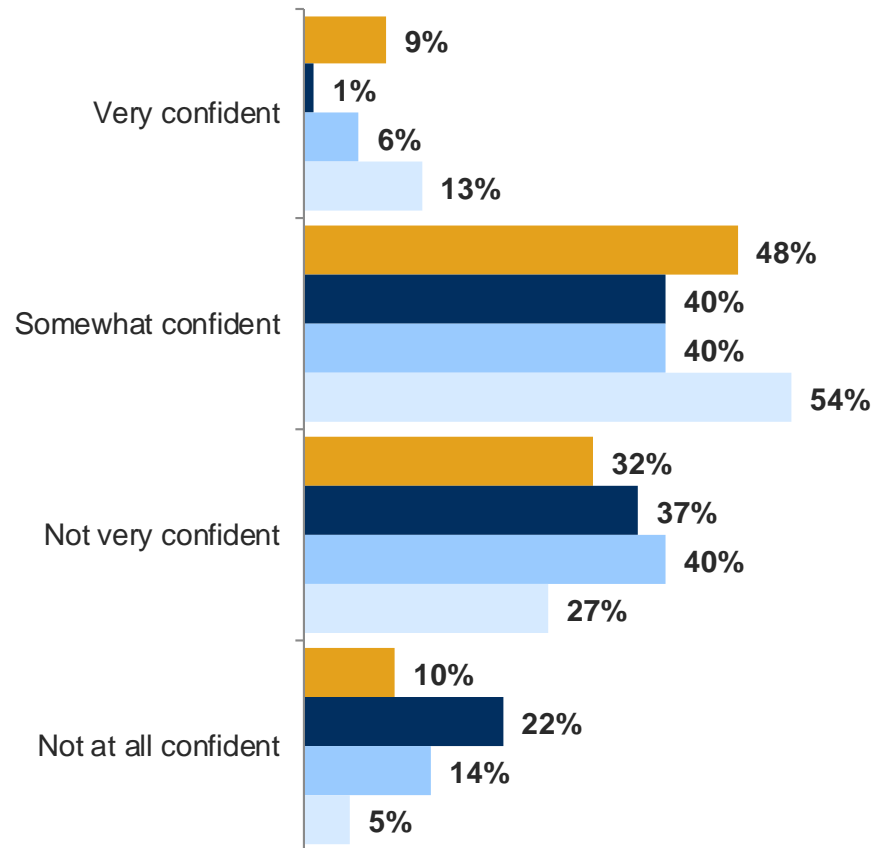
Why do you feel you are behind in your preparations for retirement? Please select all that apply. Filter: If behind

(Total n=654; \$35k to \$44k n=119; \$45k to \$74k n=345; \$75k to \$150k n=190)

Two-thirds of the upper-middle class are confident they will be financially secure in retirement. Less than half with lower incomes say the same.

Confidence in Being Financially Secure in Retirement

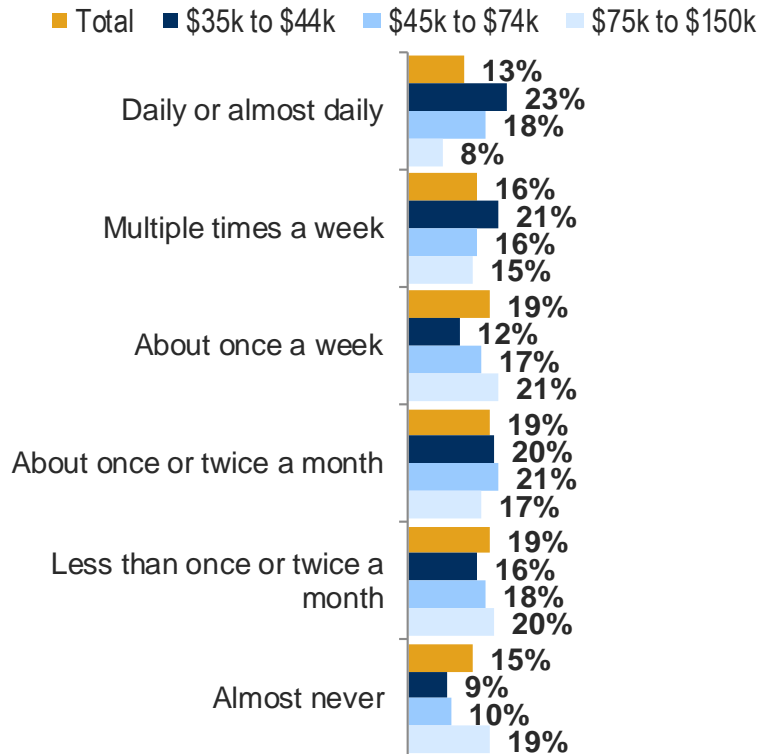
■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



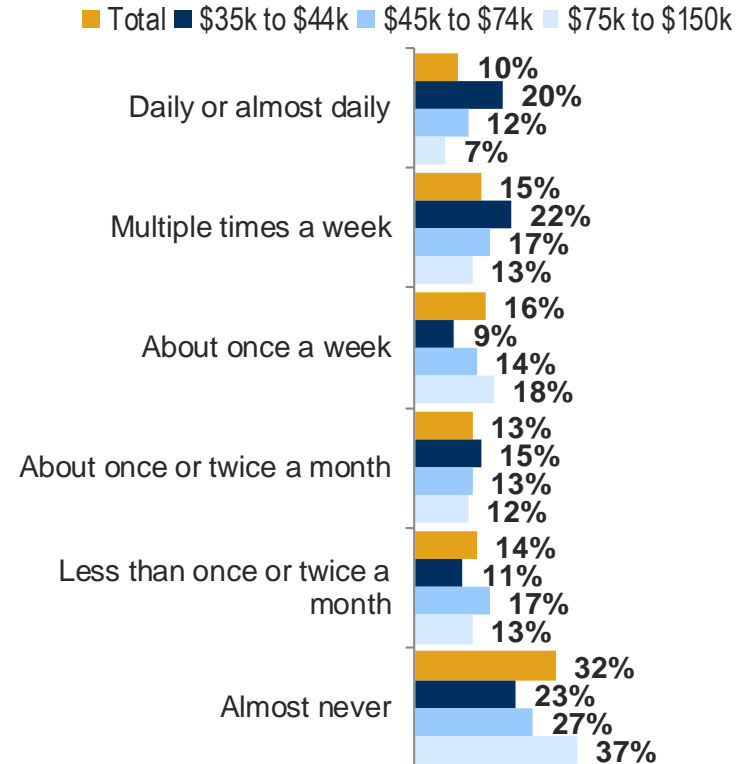
At this moment, how confident are you that you will be financially secure in retirement? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Half worry about money at least once a week and many bring their financial worries with them to work

How Often You Worry About Money/Household Finances



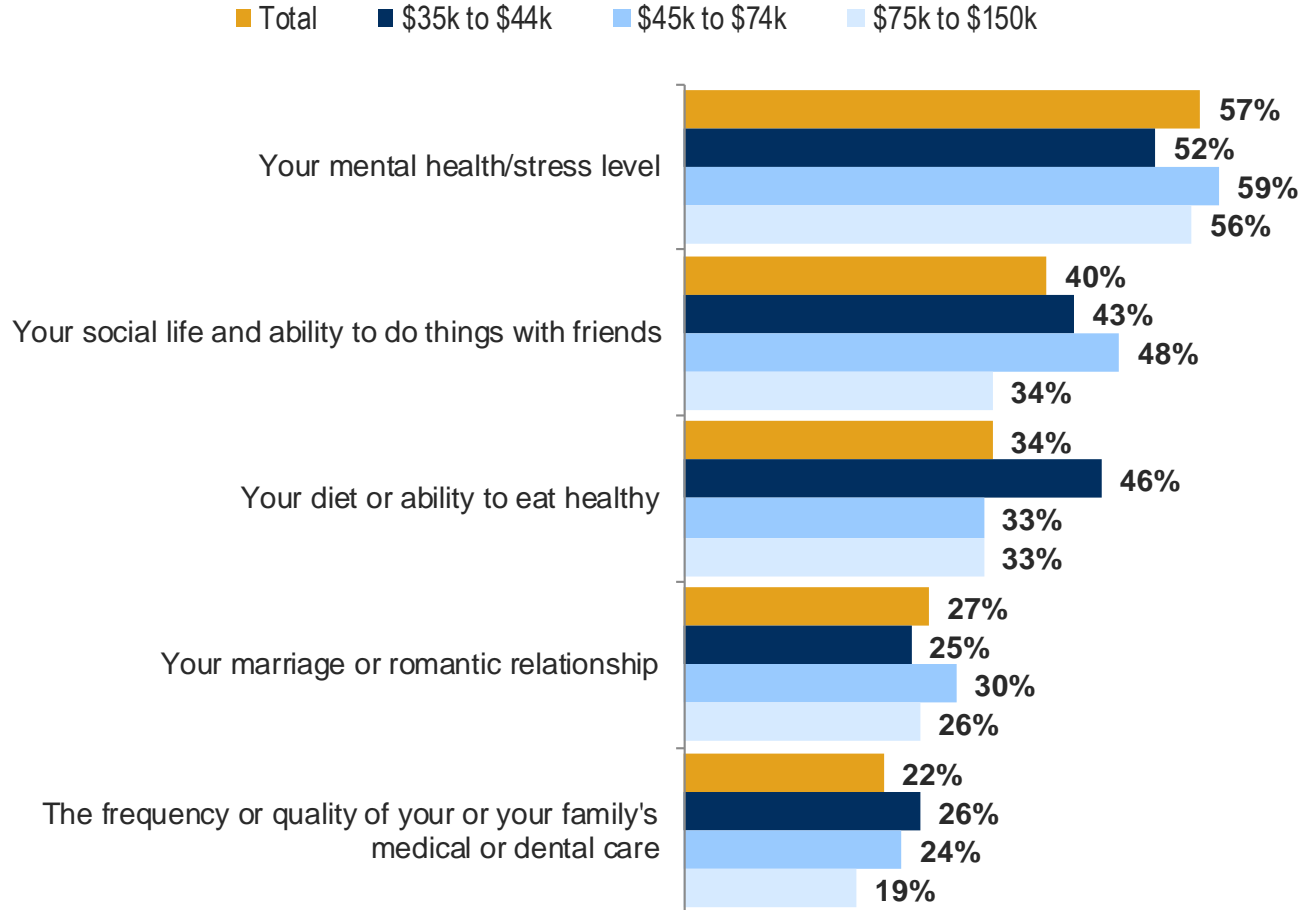
How Often You Worry While At Work



How often do you worry about money or your household's finances? How often do you worry about money or your household's finances while you are at work? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Of those who regularly worry about money, many report that it negatively affects their mental health and social life

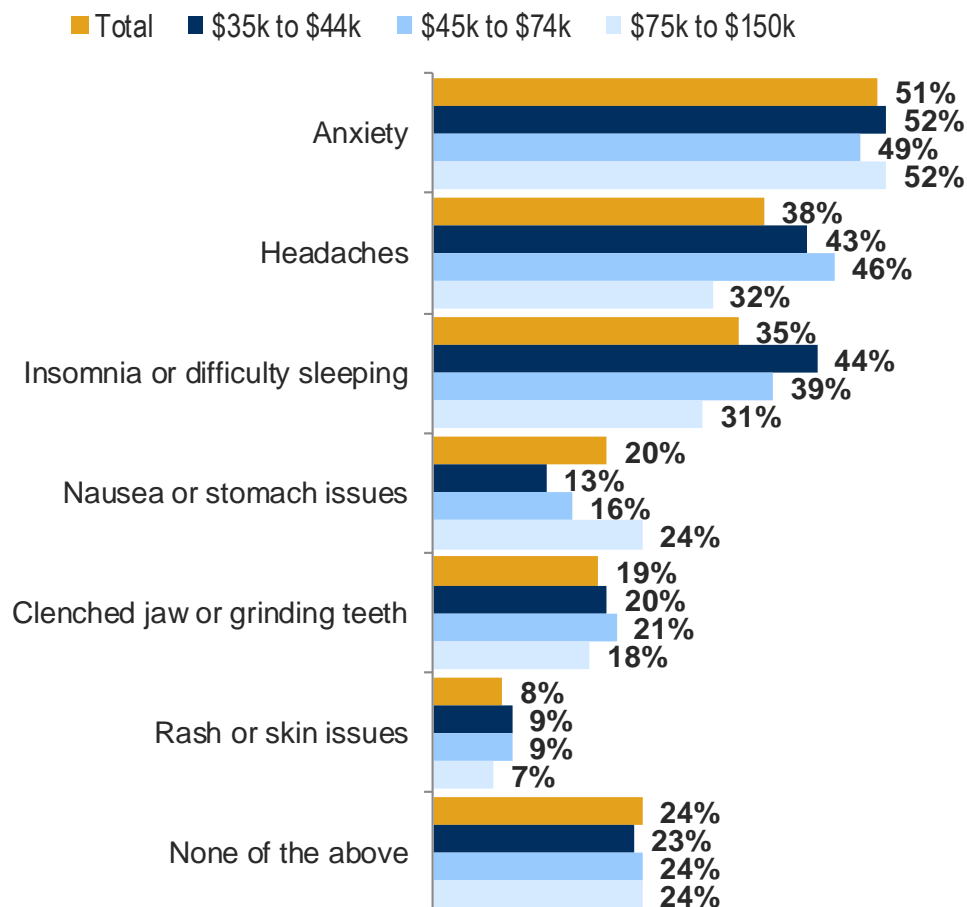
Top Aspects Negatively Affected By Worrying About Money



Do worries about money negatively affect any of the following aspects of your life? Please select all that apply. Filter: If worries at least once a week (Total n=495; \$35k to \$44k n=90; \$45k to \$74k n=246; \$75k to \$150k n=159)

Anxiety, headaches, and difficulty sleeping are relatively common among those who regularly stress about money

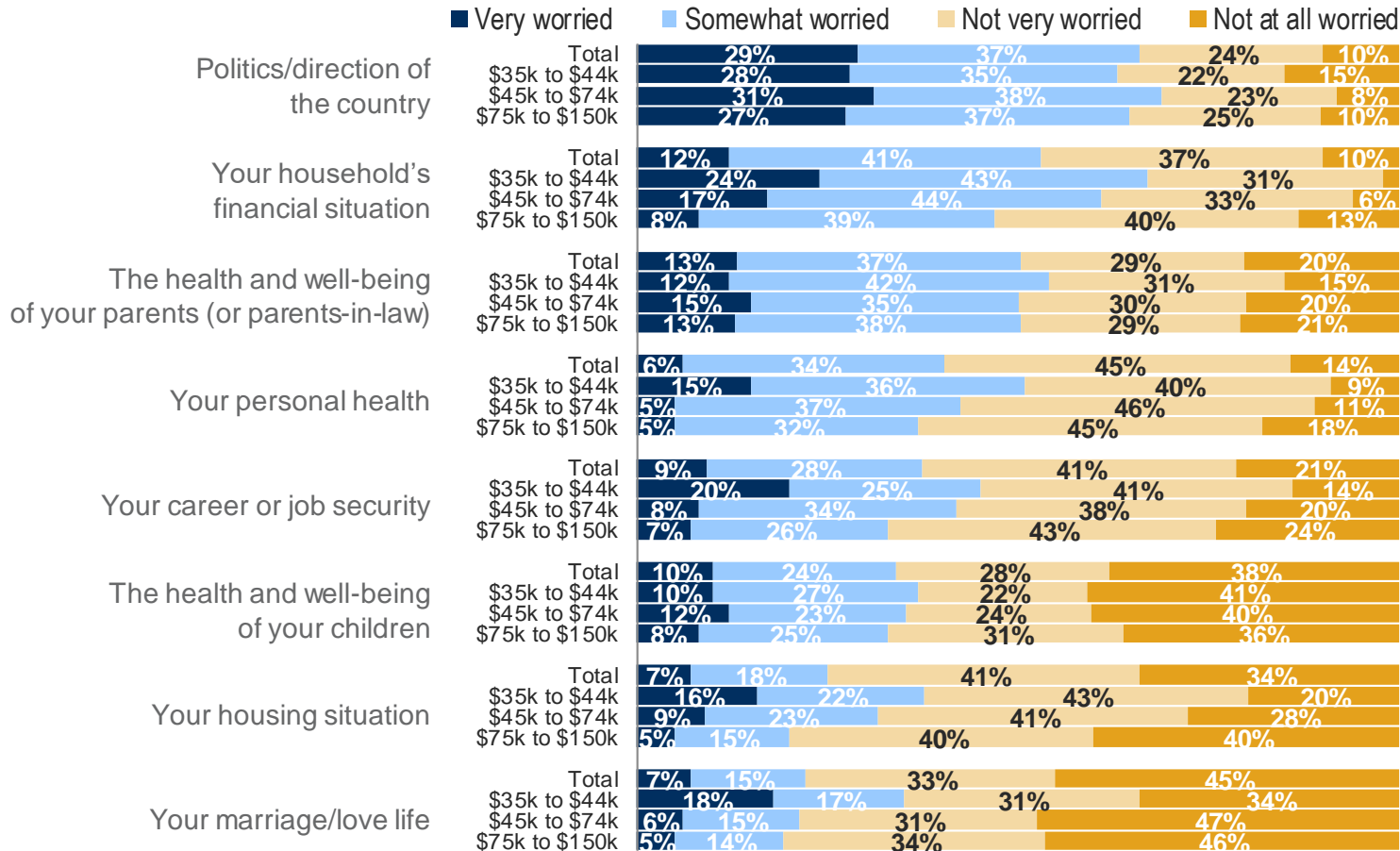
Symptoms Due to Financial Worries Experienced in Past 12 Months



In the past 12 months, have you experienced any of these symptoms due to financial worries? Please select all that apply. Filter: If worries at least once a week (Total n=495; \$35k to \$44k n=90; \$45k to \$74k n=246; \$75k to \$150k n=159)

Regardless of income, more than six in ten are worried about the direction of the country. Finances is next on the list of worries for the middle class.

Worry For Life Aspects



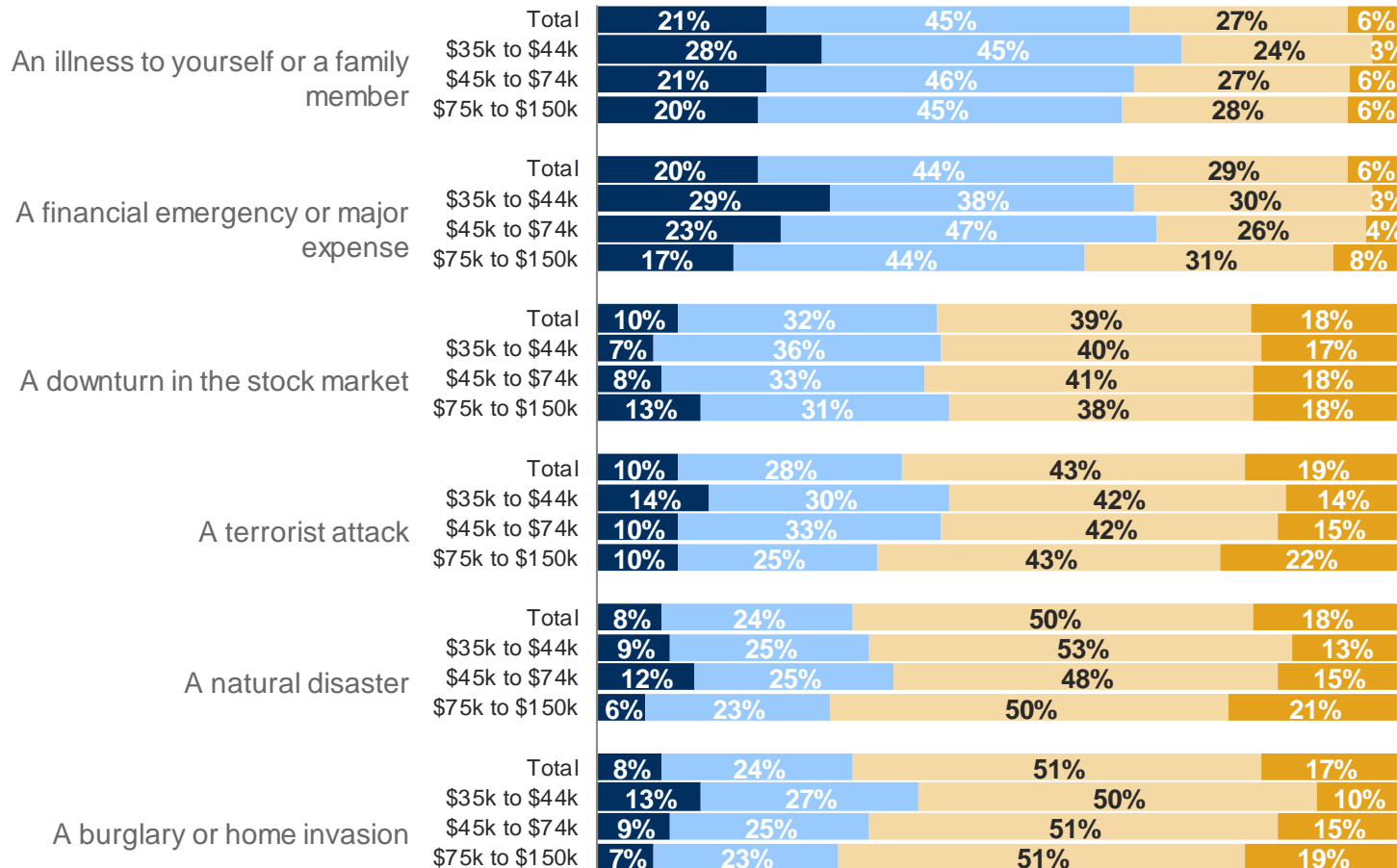
From day to day, how worried are you about each of the following aspects of your life? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)



When it comes to fears, financial emergencies rank on par with an illness in the family

Level of Fear

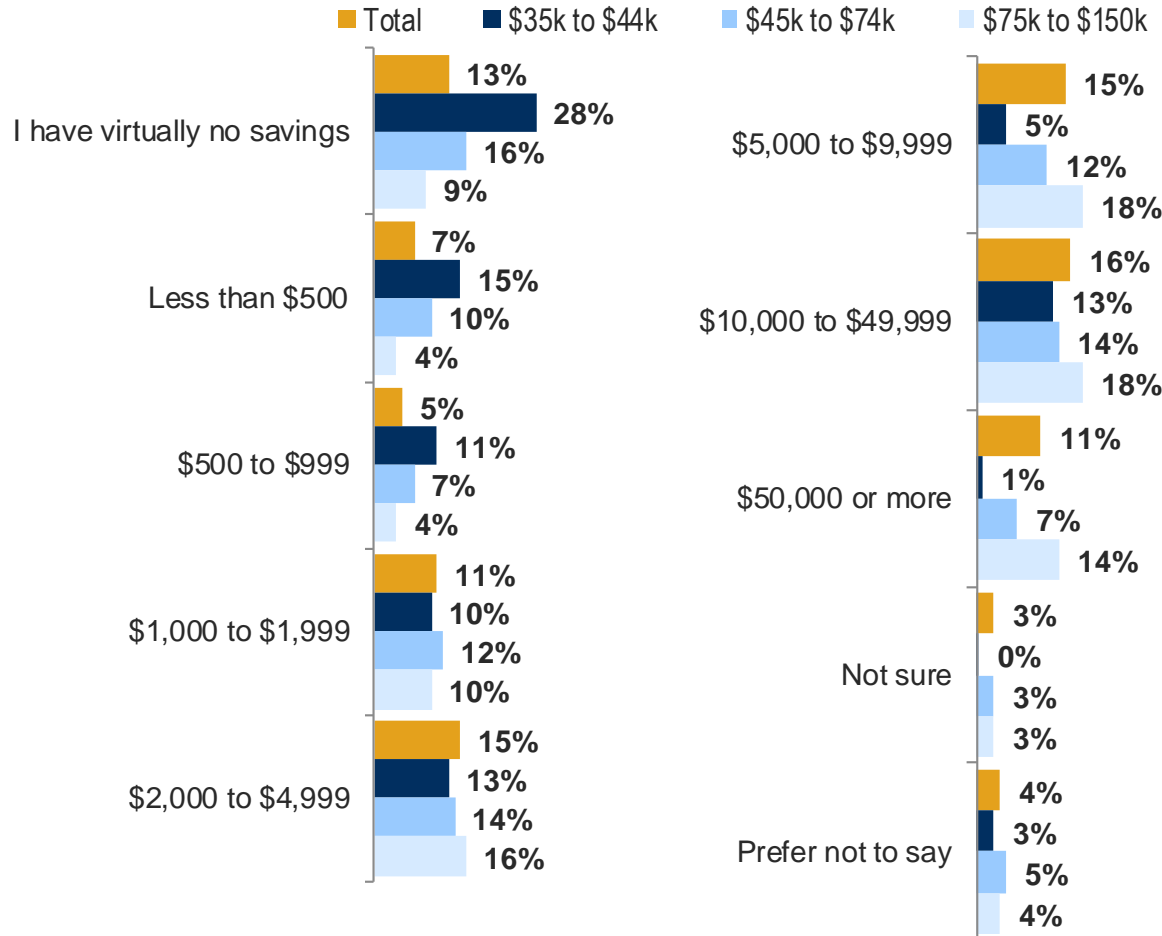
■ Very afraid ■ Somewhat afraid ■ Not very afraid ■ Not at all afraid



How afraid are you of each of the following things? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Nearly three in ten of lower-middle class workers have virtually no savings set aside for emergencies

Level of Savings for Financial Emergencies

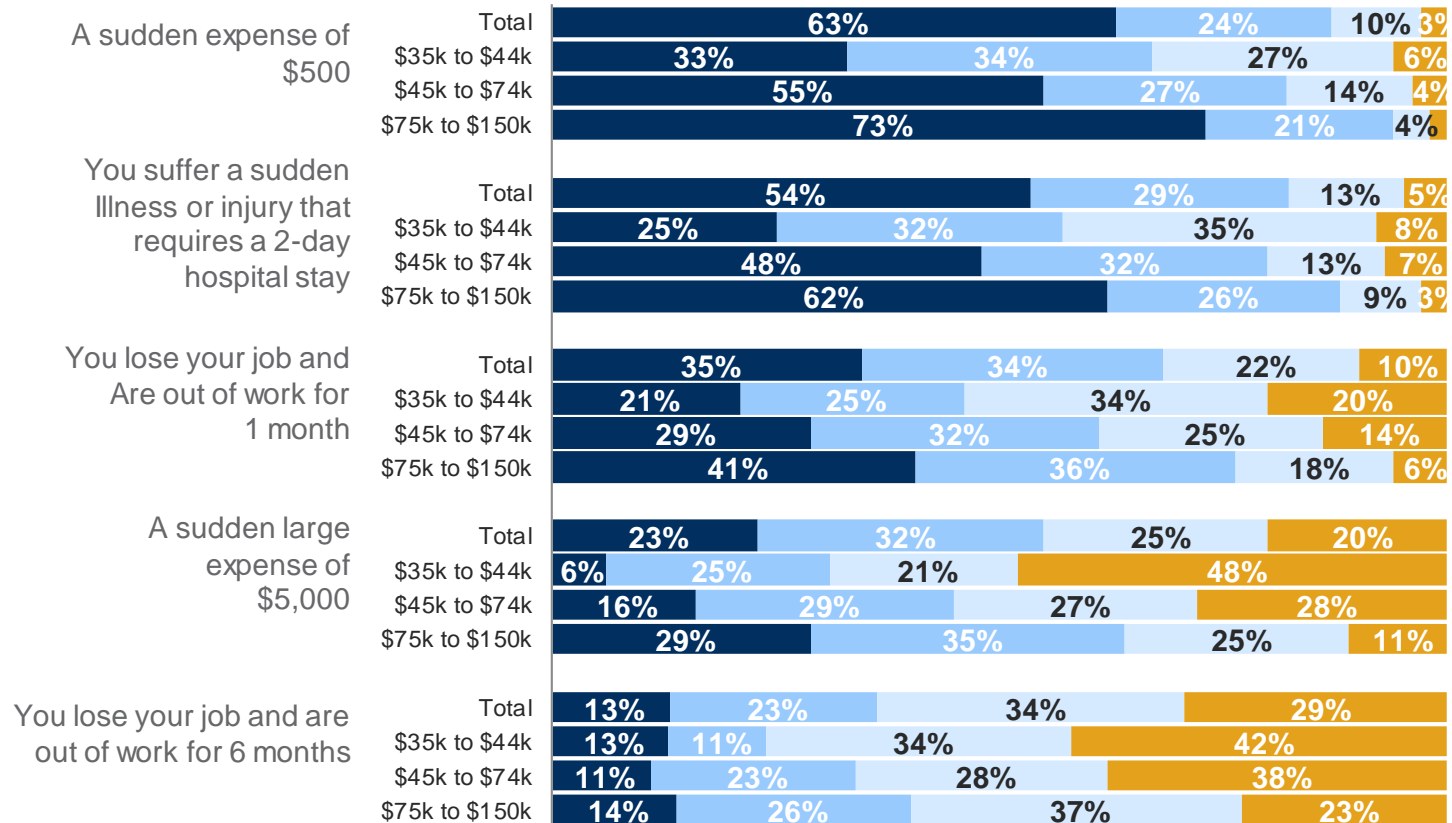


How much do you have saved for financial emergencies? (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

Severe emergencies, like a \$5K unexpected expense or being out of work, would present real challenges to workers

Degree of Challenge to Household

- We would be able to get by without much issue
- We would be able to get by, but there would be some financial discomfort
- We would be able to get by, but there would be significant discomfort and real cutback

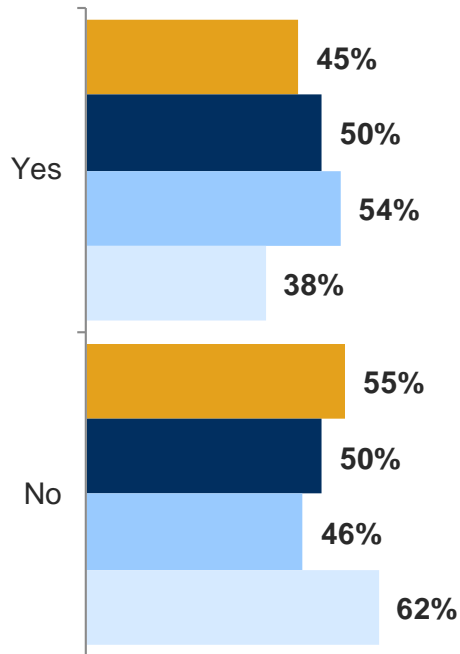


Please indicate the degree of challenge each would pose to your household if it were to occur tomorrow.
 (Total n=1,010; \$35k to \$44k n=150; \$45k to \$74k n=503; \$75k to \$150k n=357)

About half of middle class households have experienced a \$500 financial emergency and one-quarter have faced a \$5,000 emergency

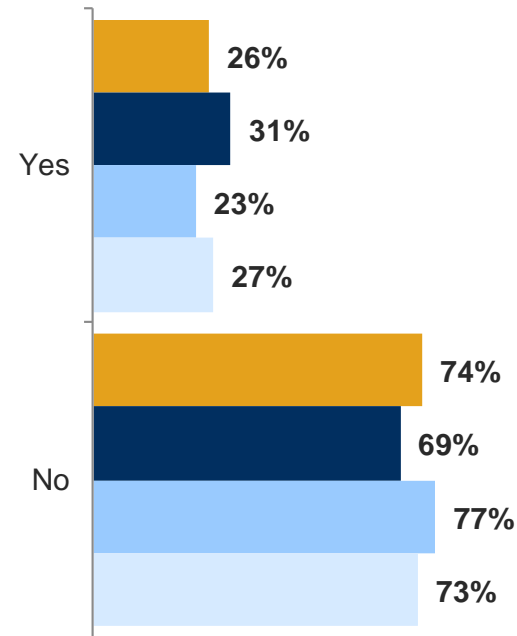
Experienced a \$500 Emergency

■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



Experienced a \$5,000 Emergency

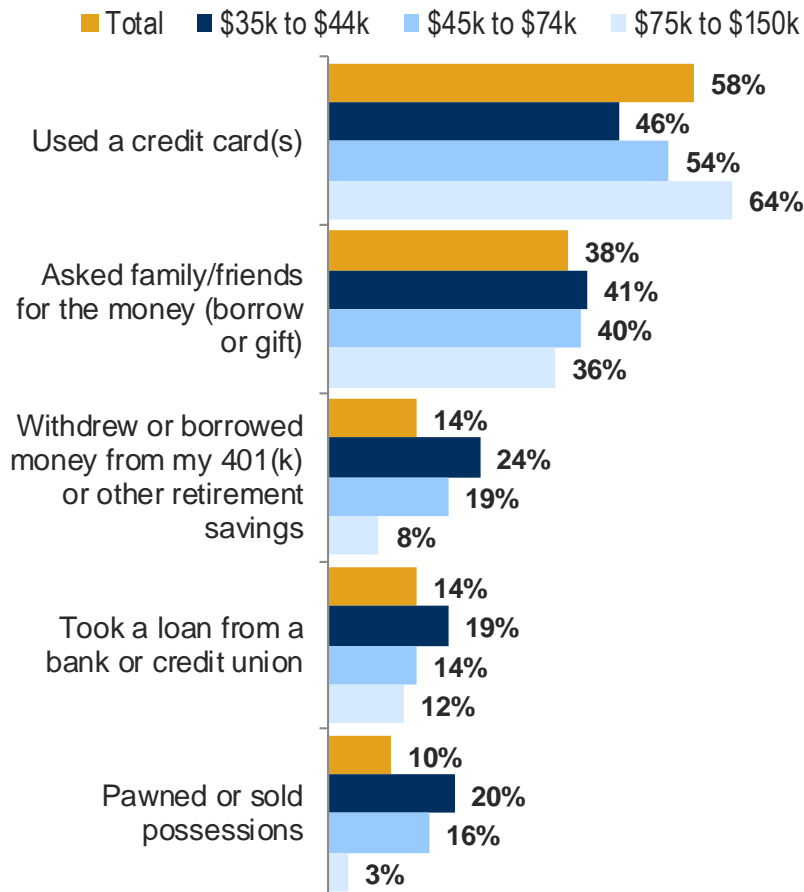
■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



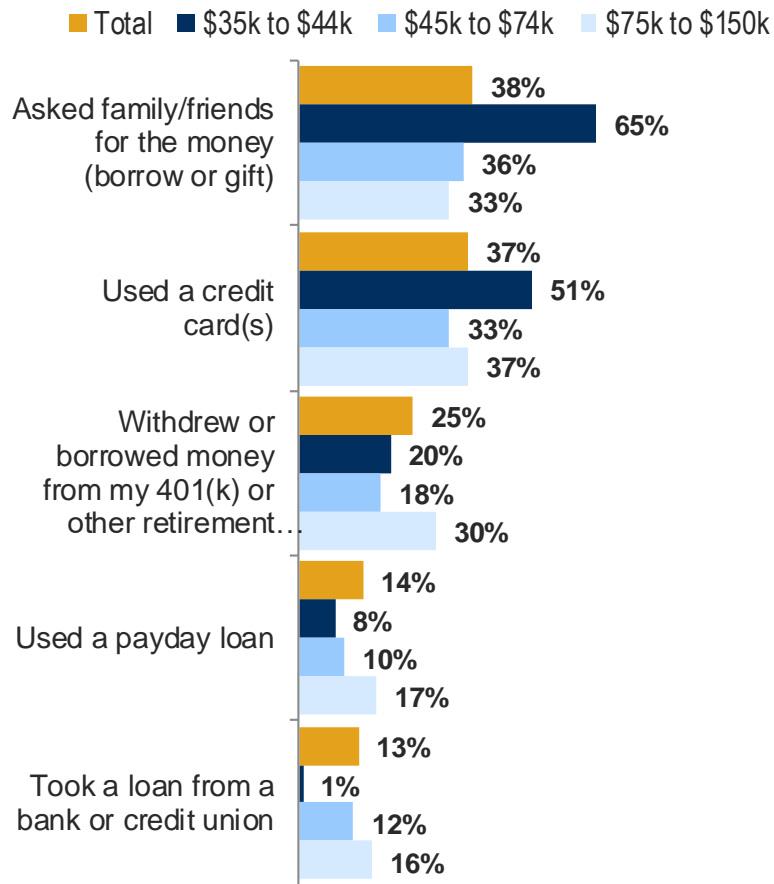
Have you ever been faced with a financial emergency (such as an immediate need for a home/car repair or urgent need for medical care) that required [SPLIT SAMPLE: \$500/\$5,000] you didn't have? (\$500: Total n=505; \$35k to \$44k n=70; \$45k to \$74k n=257; \$75k to \$150k n=178) (\$5,000: Total n=505; \$35k to \$44k n=80; \$45k to \$74k n=246; \$75k to \$150k n=179)

Borrowing from family/friends and using credit cards are the most common ways families deal with financial emergencies

Top Actions in the \$500 Emergency



Top Actions in the \$5,000 Emergency

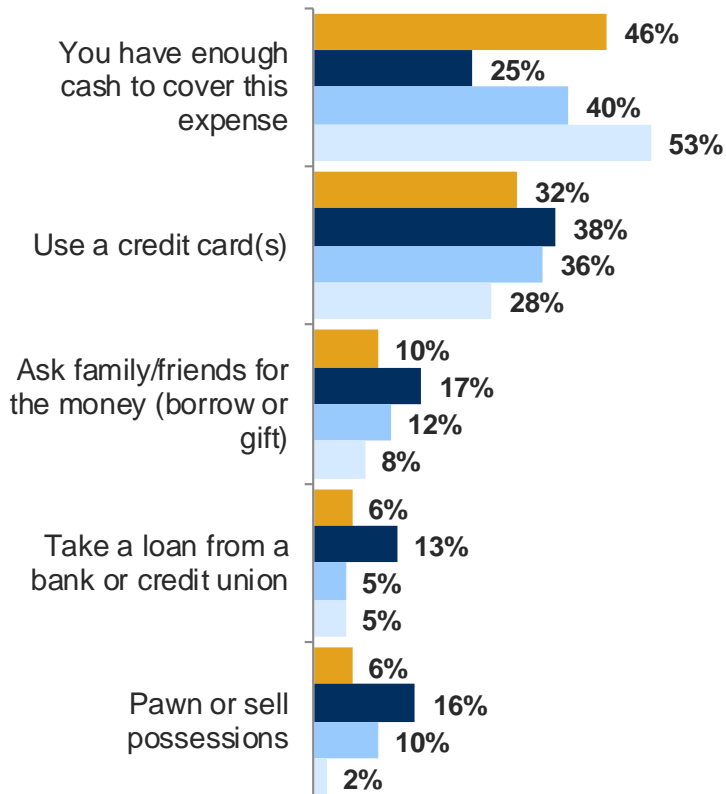


What did you do in this emergency? Please select all that apply. Filter: If faced a financial emergency (\$500: Total n=235; \$35k to \$44k n=39; \$45k to \$74k n=129; \$75k to \$150k n=67) (\$5,000: Total n=121; \$35k to \$44k n=22; \$45k to \$74k n=54; \$75k to \$150k n=45)

Less than half have the cash on hand to cover a \$500 emergency and just over a quarter could cover a \$5,000 expense

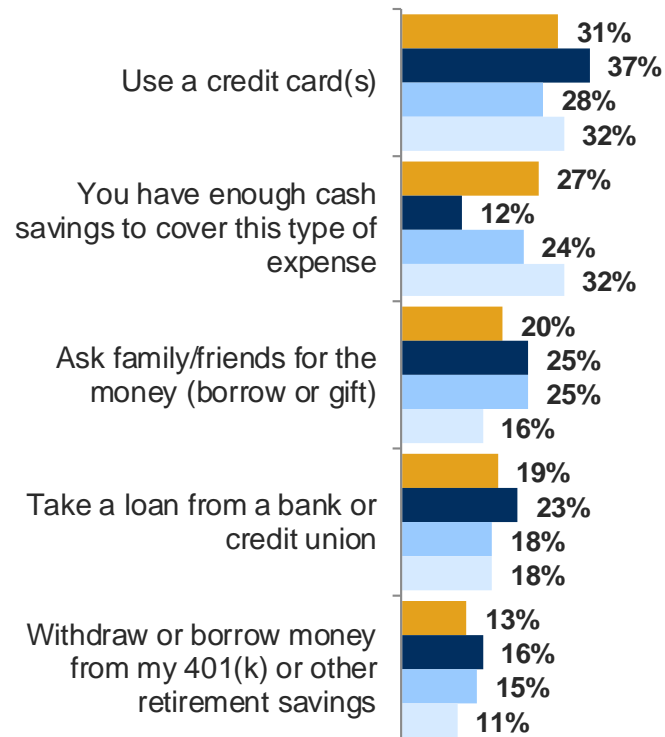
What To Do When Facing a \$500 Emergency

■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



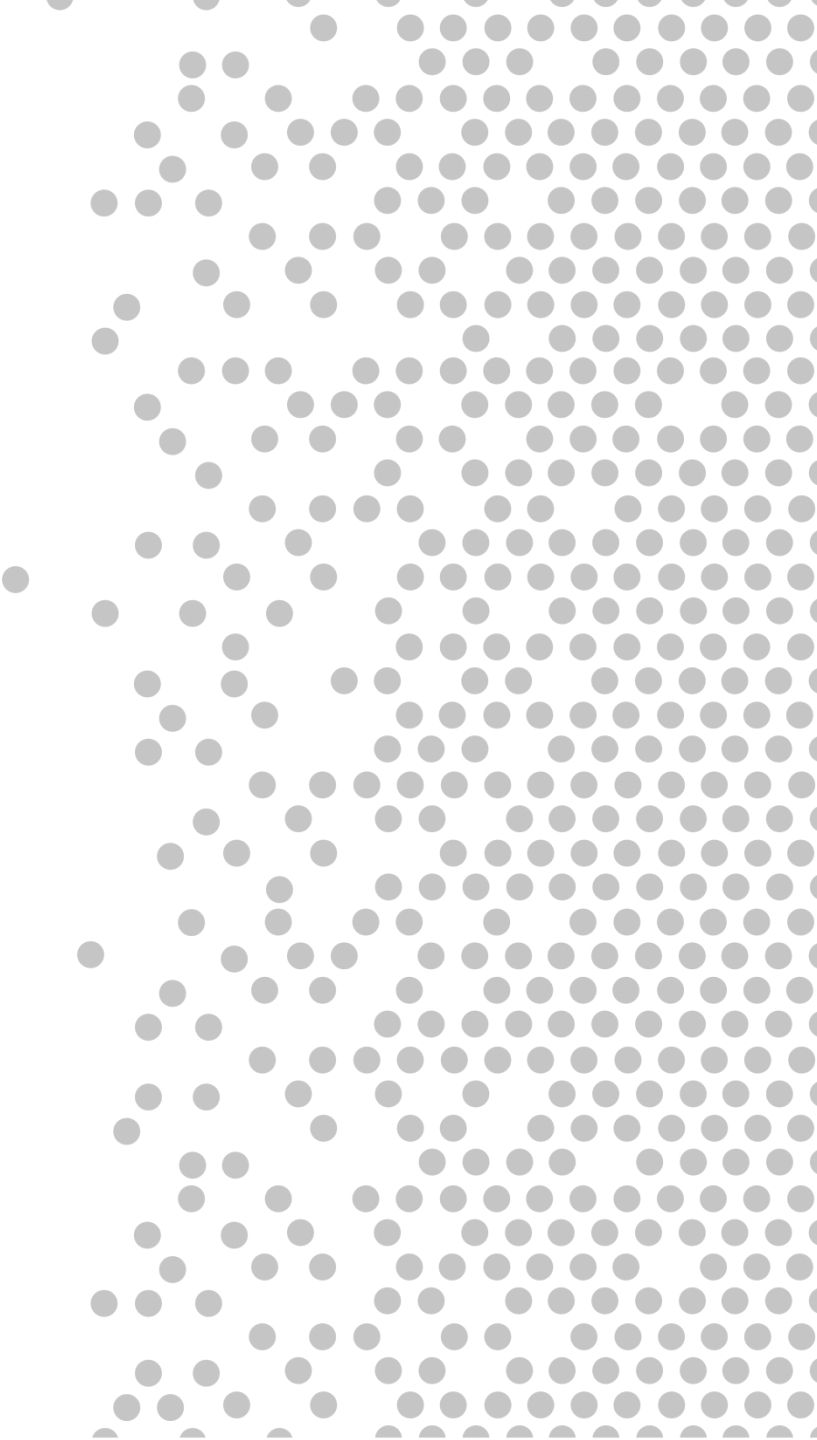
What To Do When Facing a \$5,000 Emergency

■ Total ■ \$35k to \$44k ■ \$45k to \$74k ■ \$75k to \$150k



If you were faced with a financial emergency (such as an immediate need for a home/car repair or urgent need for medical care) that required [SPLIT SAMPLE: \$500/\$5,000] tomorrow, what would you do? (\$500: Total n=505; \$35k to \$44k n=70; \$45k to \$74k n=257; \$75k to \$150k n=178) (\$5,000: Total n=505; \$35k to \$44k n=80; \$45k to \$74k n=246; \$75k to \$150k n=179)

Characteristics of Respondents



Characteristics of Respondents

	Total (n=1,1,010)	\$35k to \$44k (n=150)	\$45k to \$74k (n=150)	\$75k to \$150k (n=357)
Gender				
Male	56%	54%	56%	56%
Female	44	46	44	44
Do you consider yourself to be...				
Heterosexual or straight	91%	84%	90%	93%
Gay	4	6	5	3
Bisexual	3	7	2	2
Lesbian	1	*	1	1
Prefer not to say	2	2	2	1
Do you consider yourself to be transgender or transsexual?				
Yes	2%	2%	4%	*
No	98	98	96	99%
Prefer not to say	*	1	*	*
Age				
55 to 65	22	20	21	22
35 to 44	25	24	25	26
45 to 54	26	25	25	27

*=<0.5%

Characteristics of Respondents

	Total (n=1,010)	\$35k to \$44k (n=150)	\$45k to \$74k (n=503)	\$75k to \$150k (n=357)
Are you of Hispanic, Spanish, Latino origin or descent?				
Yes	17%	20%	18%	15%
No	83	80	81	84
Prefer not to answer	*	--	1	*
Racial Background				
Non-Hispanic Caucasian	68%	56%	66%	71%
Hispanic	17	20	18	15
Non-Hispanic African-American	9	19	9	7
Non-Hispanic Asian	5	4	4	5
Non-Hispanic Other	1	--	1	*
Prefer not to answer	1	1	1	1
[If Hispanic] Were you...				
I was born outside of the U.S.	(n=76) 20%	(n=13) 38%	(n=40) 14%	(n=23) 21%
I was born in the U.S., and at least one of my parents was born outside of the U.S.	32	40	46	21
I was born in the U.S., and both of my parents were born in the U.S.	44	22	40	52
Not sure	--	--	--	--
*=<0.5% Prefer not to say	4	--	--	7

Characteristics of Respondents

	Total (n=1,010)	\$35k to \$44k (n=150)	\$45k to \$74k (n=503)	\$75k to \$150k (n=357)
Household Income				
\$35,000 to \$44,999	10%	100%	--	--
\$45,000 to \$54,999	12	--	37%	--
\$55,000 to \$64,999	12	--	38	--
\$65,000 to \$74,999	8	--	25	--
\$75,000 to \$99,999	27	--	--	47%
\$100,000 to \$149,999	30	--	--	53
Marital Status				
Married	61%	29%	48%	74%
Single, never married	19	33	27	12
Divorced or separated	10	23	14	6
Not married, but living with a partner/significant other	7	12	8	6
Widowed	2	2	3	2
Level of Education				
High school graduate or less	16%	21%	21%	12%
Some college/trade or technical school	43	57	44	39
College graduate (4-year degree)	27	16	24	31
Graduate or professional degree	14	6	11	18

Characteristics of Respondents

	Total (n=1,010)	\$35k to \$44k (n=150)	\$45k to \$74k (n=503)	\$75k to \$150k (n=357)
Current Employment Status				
Employed full time	100%	100%	100%	100%
Employed part time	--	--	--	--
A homemaker	--	--	--	--
Retired	--	--	--	--
Self-employed	--	--	--	--
Disabled and unable to work	--	--	--	--
Unemployed or temporarily laid off	--	--	--	--
A full-time student	--	--	--	--
[If married/partner] Spouse's/Partner's Employment Status				
	(n=618)	(n=59)	(n=273)	(n=286)
Employed full time	81%	72%	70%	86%
Employed part time	6	3	11	4
A homemaker	5	5	6	5
Retired	3	--	5	3
Disabled and unable to work	2	11	3	1
Self-employed	2	1	4	1
Unemployed or temporarily laid off	1	7	1	--
A full-time student	*	--	*	*

Characteristics of Respondents

Total (n=618)	\$35k to \$44k (n=59)	\$45k to \$74k (n=273)	\$75k to \$150k (n=286)
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[If married/partner] Household Decisions On Financial Matters

You make most of the decisions with little or no input from another household member	29%	38%	25%	30%
You take the lead and discuss decisions with another household member	37	32	39	36
Decisions are made in total partnership	33	31	33	34
Another household member takes the lead and discusses decisions with you	1	--	2	1
Another household member makes decisions with little or no input from you	--	--	--	--

[If married/partner] Household Decisions On Employee Benefits

You make most of the decisions for both you and your spouse/partner, with little or no discussion	28%	46%	27%	27%
You take the lead for both you and your spouse/partner, but discuss decisions	35	26	34	36
You make decisions about both your benefits in total partnership	25	21	25	26
You make the decisions about the benefits from your job, and your spouse/partner makes the decisions about the benefits from their job	9	7	10	9
Your spouse/partner takes the lead for both of you, but you discuss decisions	3	--	3	3
Your spouse/partner makes most of the decisions for both of you, with little or no discussion	--	--	--	--

Characteristics of Respondents

	Total (n=1,010)		\$35k to \$44k (n=150)		\$45k to \$74k (n=503)		\$75k to \$150k (n=357)	
	0	1+	0	1+	0	1+	0	1+
Live with and provide some financial support to...								
Children under 18	67%	33%	68%	33%	71%	29%	64%	36%
Adult children (over 18)	61%	39%	65%	35%	61%	40%	60%	40%
Parent or parent-in-law	92%	8%	86%	14%	91%	9%	95%	6%
Grandparent or grandparent-in-law	98%	2%	99%	1%	96%	4%	99%	1%
Other family or relatives	88%	12%	94%	6%	85%	15%	88%	12%
Friends or other non-family	95%	5%	92%	8%	93%	7%	96%	4%
Are there people you do not live with, but provide financial support?								
Yes	21%		16%		18%		23%	
No	79		84		82		77	
Do NOT live with and provide some financial support to...								
	(n=168)		(n=29)		(n=73)		(n=66)	
	0	1+	0	1+	0	1+	0	1+
Children under 18	74%	25%	91%	13%	76%	22%	71%	29%
Adult children (over 18)	51%	48%	41%	56%	55%	44%	51%	50%
Parent or parent-in-law	74%	26%	85%	19%	63%	39%	78%	22%
Grandparent or grandparent-in-law	94%	6%	100%	--	83%	17%	98%	2%
Other family or relatives	84%	16%	81%	19%	75%	25%	88%	12%
Friends or other non-family	87%	13%	81%	19%	76%	24%	92%	8%

Characteristics of Respondents

	Total (n=1,010)	\$35k to \$44k (n=150)	\$45k to \$74k (n=503)	\$75k to \$150k (n=357)
Region				
South	33%	26%	39%	31%
Midwest	26	30	24	28
Northeast	21	19	19	22
West	20	25	19	19
Total Savings				
Less than \$1,000	7%	19%	10%	3%
\$1,000 to \$4,999	8	16	9	6
\$5,000 to \$9,999	7	11	10	4
\$10,000 to \$49,999	20	35	24	16
\$50,000 to \$99,999	18	5	20	19
\$100,000 to \$249,999	14	4	12	18
\$250,000 to \$499,999	10	3	4	15
\$500,000 to \$999,999	5	--	1	7
\$1 million or more	2	--	*	4
Not sure	2	3	3	1
Prefer not to say	7	5	7	7

